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FM AIT TAIPEI  
TO RUEHC/SECSTATE WASHDC 3773  
INFO RUEHBJ/AMEMBASSY BEIJING 6226  
RUEHUL/AMEMBASSY SEOUL 8392  
RUEHKO/AMEMBASSY TOKYO 8391  
RUEHGP/AMEMBASSY SINGAPORE 6772  
RUEHKL/AMEMBASSY KUALA LUMPUR 3652  
RUEHML/AMEMBASSY MANILA 9915  
RUEHHI/AMEMBASSY HANOI 3208  
RUEHHK/AMCONSUL HONG KONG 7455  
RUEHGZ/AMCONSUL GUANGZHOU 9903  
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RUCPDOC/DEPT OF COMMERCE WASHINGTON DC  
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UNCLAS TAIPEI 000132

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STATE PASS TO AIT/W  
STATE FOR EAP/RSP/TC, EAP/EP and EB/TPP/MTA/IPC  
STATE PASS to USTR for WINELAND and ALTBACH, STRATFORD  
USDOC for 4431/ITA/MAC/AP/OPB/TAIWAN/JDUTTON  
USDOC FOR 3132/USFCS/OIO/EAP/WZARIT  
USDA FAS FOR OCRA/Smith, Mireles

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TAGS: ECON EAGR ETRD EIND TW  
SUBJECT: Taiwan TIFA: Talking Agriculture with AUSTR Stratford

¶1. On December 19 Vice Minister of Agriculture Lee Jen-chyuan met with Assistant USTR Timothy Stratford and Deputy Assistant USTR Eric Altbach. This meeting was part of a series of meetings on TIFA action items. Other meetings reported septel.

CCA Language Approval Near

¶2. Vice Minister Lee acknowledged that he had been in touch with Vice Premier Tsai regarding the CCA. The Council of Agriculture was now willing to accept the most recent language suggested by the United States for the Memorandum of Understanding and Terms of Reference to establish the CCA, but was waiting for approval from the Department of Health. He expected that this approval would come shortly. Lee noted that the Executive Yuan would need to grant final approval of the MOU and the TOR, but he expected that this would come quickly and anticipated being able to sign the final documents in early 2007.

Rice CSQ

¶3. The Vice Minister reported that nearly all of the problems had been worked out for public sector purchases of rice using a country-specific quota. Taiwan's only concern was that the price ceiling by law must be kept confidential during the tendering process. Taiwan would prefer, therefore, to discuss price ceiling issues with the U.S. before announcing the tenders. This would be preferable to waiting until problems arose after the second or third rounds of bidding. COA staff confirmed that they were in direct contact with Tim Wineland at USTR on this issue and hoped to resolve it shortly.

Taiwan Committed to Reforming Old Farmers

¶4. Responding to a question from AUSTR Stratford on potential agricultural reforms that might help lead to a beneficial conclusion of the DOHA round, Vice Minister Lee stated that Taiwan was focusing on three particular issues: the lack of technology and innovation in domestic agriculture, an aging farm population, and the

increasing digital divide between rural and urban areas. The average age of Taiwan farmers is currently 58 and many in the agricultural field are reluctant to change and try new technologies.

Taiwan agriculture must become more competitive to meet both domestic needs and export markets, Lee acknowledged. Lee suggested that a free trade agreement with the United States would be one way to push for this goal as well as indicate that Taiwan is an "independent" entity ready and able to trade its agricultural products in world markets.

Comment

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15. Taiwan's Council of Agriculture has indeed worked hard over the past few weeks to move the rice CSQ and CCA issues to resolution. These TIFA issues are far easier to resolve than the long-term problems for Taiwan's agricultural sector. While lacking the political benefits of an FTA, the CCA provides a potentially useful forum for Taiwan to cooperate with the United States to address the constraints identified by Vice Minister Lee.